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U.S. Small Business Administration

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# It's Your BUSINESS

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Helping small businesses  
**start, grow and succeed.**



Your Small Business Resource

## SUCCESS STORY: BUILDING BUSINESS, BOARD BY BOARD



Lee Buttolph, owner of  
Buttolph Lumber Company.

With the help of SBA, U.S. Marine Corps veteran Lee Buttolph is the third generation of the Buttolph family to take the reins of the 47-year old Buttolph Lumber Company. Based in

Jamesville, Buttolph Lumber was started by John "Lute" Buttolph in 1967 to sell lumber products. Over the years, the company expanded its customer base from residential builders to include retail lumber outlets in Central New York. John's son Ed joined the family business in 1973 and bought the company eight years later, further expanding its services by selling lumber directly to contractors and then wholesale to retail lumber yards. In 2005, Ed's son Lee started working at the business and helped expand Buttolph

Lumber's customer geographical base to a 100-mile radius of Syracuse. In January, Lee partnered with M&T Bank and SBA's Patriot Express veterans program for a loan to buy the business and a line of credit to purchase inventory and meet payroll obligations.

"I'm very happy with our line of credit through the SBA Patriot Express program. When dealing with commodity items, your inventory is an investment and there are times to invest \$100,000 to \$200,000 when prices are going up.

*Cont. on p. 2*

## SMALL BUSINESS JOBS ACT INCREASES ACCESS TO CAPITAL, CONTRACTS, TAX CUTS

The Small Business Jobs Act, signed by President Obama on September 27, 2010, provides critical resources to help small businesses continue to drive economic recovery and create jobs. The new law ex-

tends the successful SBA Recovery loans while offering billions more in lending support and tax breaks for entrepreneurs and small business owners.

"Enhancements first made under the Recovery Act have made SBA-

backed loans a key source of much-needed capital for tens of thousands of small business owners, helping them not just keep their doors open, but also grow and create jobs all across the country," SBA Administrator Karen Mills said.

*Cont. on p. 3*

## SUCCESS STORY: BUILDING BUSINESS, BOARD BY BOARD

*Cont. from p. 1*

Having access to that capital is vital," explained Lee. The SBA-backed credit line has provided relief to any temporary accounts receivable collection issues: "Regular customers with a good track history with us are sold lumber on credit. We have seen customers that normally paid in 10 days to get a discount now take the full 30 day payment window. Extended payment terms for customers are not a major concern, because thanks to the SBA Patriot Express line I have a very healthy line of credit."

Since Lee started working for the family business, he has made important changes to the company's business plan to better compete in this cutthroat commodity industry. For the past four years, Buttolph Lumber has used a Vendor Managed Inventory Program to keep inventory of lumber owned by the vendor, allowing Lee to keep inventory on hand but not on the books. Buttolph Lumber purchases the specially tagged lumber when they have an order, which enables just-in-time inventory that positively impacts cash flow and keeps customers satisfied with quick delivery of orders.

Under Lee's direction,

Buttolph Lumber joined an elite rank of lumber suppliers by attaining Forest Stewardship Council (FSC) certification in 2008. FSC is the world-wide certification body that promotes the sustainable management of forests through accreditation of lumber sources, mills, and suppliers. FSC-certified lumber is essential for contractors to meet requirements for Leadership in Energy and Environmental Design (LEED) and other environmentally-conscious construction projects. Only one percent of lumber companies are FSC-certified nationwide and even fewer maintain inventory of FSC certified lumber as Buttolph Lumber does. Annual audits by the FSC examine Buttolph Lumber's documentation of all FSC-certified lumber purchases and sales, separate warehousing of FSC-certified lumber and the training requirements for Buttolph Lumber's staff to keep the certification. Because of the large geographic area that Buttolph Lumber serves FSC has become a nice niche market for them.

Since getting lumber delivered to customers is the cornerstone of the company's business model, Lee has also pursued a more efficient method to ensure reli-

able, timely deliveries. Buttolph Lumber delivers up to 100,000 pounds of lumber on a daily basis to customers from Buffalo to Albany and Watertown to Binghamton using two tractor trailers, with a third as a backup. This year Lee will transition the company to leasing two tractor trailers from Ryder's Lease Management Program, which includes maintenance, towing and replacement of the vehicles as well as the option for additional tractor trailers during the peak summer and fall months. The ability to minimize lost time due to mechanical break downs will keep deliveries on schedule, increase customer satisfaction and eliminate the need to carry a third tractor trailer as a backup year round.

Prior to working at Buttolph Lumber, Lee earned his degree in manufacturing management from Clarkson University, attended Officer Candidate School and served in the U. S. Marine Corps as a communications officer. Lee's time spent as a Captain and Company Commander with the 6th Communication Reserve Battalion in Brooklyn prepared him well for his new leadership role at Buttolph Lumber.

Even though Lee worked with his father for five years, coming on



*"Coming from a military background as an officer, you are instilled with the value that the people that work for you are the most important thing," Lee said.*

board as the sole owner of Buttolph Lumber has been a new experience and led to a new way of thinking. "It's a family business and you feel an enhanced responsibility to it. Nothing really prepares you for when it is truly your business. I have increased awareness of each decision I make and the decisions I would have easily made before now have a lot more meaning," explained Lee. With Lee's commitment to building the success of his family business and the partnership of SBA, Buttolph Lumber's future is in good hands.

## SMALL BUSINESS JOBS ACT INCREASES ACCESS TO CAPITAL, CONTRACTS, TAX CUTS

*Cont. from p. 1*

### ACCESS TO CAPITAL

The Small Business Jobs Act puts more capital in the hands of entrepreneurs and small business owners by extending SBA Recovery loans (with the 90% guarantee and reduced fees) through December 31, 2010. The \$505 million for Recovery loans in this new law will support about \$14 billion in overall small business lending. More than 1,400 small businesses that have been in a queue waiting for this bill to become law have been funded.

Since passage of the Recovery Act, SBA has supported nearly 70,000 Recovery loans, turning \$680 million in taxpayer dollars into more than \$30 billion in lending support.

The law will permanently increase 7(a) and 504 limits from \$2 million to \$5 million (for manufacturers in 504 loan program, up to \$5.5 million) and permanently increase microloan limits from \$35,000 to \$50,000, helping larger entrepreneurs with start-up costs and small business owners in underserved communities.

Under the Small Business Jobs Act, more

small businesses to be eligible for SBA loans by increasing the alternate size standard to those small businesses with less than \$15 million in net worth and \$5 million in average net income.

The Jobs Act also provides key temporary enhancements to help with working capital, commercial real estate refinancing by increasing the maximum amount of SBA Express loans from \$350,000 to \$1 million (expires 9/27/2011), allowing some small businesses to refinance their owner-occupied commercial real estate mortgages into the 504 loan program (expires 9/27/2012), and extending the Dealer Floor Plan Pilot program (begun 2009) to 2013. The law provides for funding up to \$20 million per year in small business loans over the next three years for an intermediary-facilitated loan program targeting small businesses that need loans up to \$200,000.

### ACCESS TO CONTRACTS

The Small Business Jobs Act strengthens small businesses' ability to compete for contracts and included recommendations from the President's Task Force on Federal Contracting Op-

portunities for Small Business. The law reaffirms "parity" among federal small business contracting programs. Contracting officers will be free to choose among businesses owned by women and service-disabled veterans, as well as those participating in HUBZone and 8(a) programs, and soon the women's contracting program (see *related article on p. 4*) when conducting contracts that are set-aside for small business.

The law created a better playing field for small businesses — more accountability, integrity, transparency — by giving agency procurement officers more ability to provide both large prime contracts and micro-contracts to small businesses, making it harder for agencies to "bundle" contracts, a practice that often takes opportunities away from small business, and stronger enforcement so agencies will be held more accountable for reaching small business goals. The law provides \$25 million for a new pilot that provides grants that will help small businesses team up with each other to compete for larger and more complex federal government contracts.

### *Small Business Jobs Act Tax Cuts*

1. The highest small business expensing limit ever, of \$500,000
2. Carry-back provisions on net operating losses of up to 5 years
3. Accelerated/bonus depreciation
4. Zero capital gains taxes for those who invest in small businesses
5. Increased deductions for start-ups
6. Deductions for employer-provided cell phones
7. Deductions for health insurance costs for the self-employed
8. Limitations on penalties for errors in tax reporting that disproportionately affect small business

## FINAL RULE FOR WOMEN-OWNED SMALL BUSINESS CONTRACTING PROGRAM

With the publication of a final rule in the Federal Register, the U.S. Small Business Administration will begin implementation of its **women-owned small business (WOSB) contracting program**. The agency expects the program to be available for WOSBs in early 2011.

The rule is part of the Obama Administration's overall commitment to expanding opportunities for small businesses to compete for federal contracts, in particular those owned by women, socially and economically disadvantaged persons and veterans. This rule identifies 83 industries in which WOSBs are under-

represented or substantially under-represented in the federal contract marketplace. In addition to opening up more opportunities for WOSBs, the rule is also another tool to help achieve the statutory goal that 5 percent of federal contracting dollars go to women-owned small businesses.

"Women-owned businesses are one of the fastest growing sectors of our nation's economy, and even during the economic downturn of the last few years, have been one of the key job creation engines in communities across the country," SBA Administrator Karen Mills said.

"Federal contracts provide critical opportunities for owners of small firms to take their business to the next level and create good-paying jobs," Mills added. "Despite their growth and the fact that women lead some of the strongest and most innovative companies, women-owned firms continue to be under-represented in the federal contracting marketplace. This rule will be a platform for changing that by providing greater opportunities for women-owned small businesses to compete for and win federal contracts."

With the publication today of the final rule,

SBA, in conjunction with the Federal Acquisition Regulatory Council, will begin a 120-day implementation of the WOSB contracting program, including building the technology and program infrastructure to support the certification process and ongoing oversight. With implementation expected to take several months, the agency expects that federal agencies' contracting officers will be able to start making contracts available to WOSBs under the program in early 2011.

For more details, please visit [www.sba.gov/wosb](http://www.sba.gov/wosb).

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### SEMINAR FOR HISPANIC ENTREPRENEURS

With the partnership of the IRS and the SBA, and the local contributions of Syracuse University and the Onondaga Small Business Development Center, CNY Latino is hosting a **full-day business seminar on October 21**. The seminar will be held in the Warehouse building in downtown Syracuse from 10:00 a.m. to 4:00 p.m.

This seminar has been prepared for Hispanic business owners, and it will have an array of presentations and workshops. Lunch is included with the \$5.00 price admission, as well as valuable information and handouts.

For more information, please visit [www.HablandoConNY.com](http://www.HablandoConNY.com) or [www.cnylatino.com](http://www.cnylatino.com).

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### 2011 SMALL BUSINESS WEEK NOMINATIONS

As part of 2011 National Small Business Week, the U.S. Small Business Administration takes the opportunity to highlight the impact of outstanding entrepreneurs, small business owners, and others from all 50 states and U.S. territories. Every day, they're working to grow small businesses, create 21st century jobs, drive innovation, and increase

America's global competitiveness.

Please help find and nominate candidates for the most prestigious annual small business awards in America by sending nomination packages to the SBA Syracuse District Office by **November 12, 2010**. Please visit our [website](http://www.sba.gov/wosb) for this year's nomination guidelines and award categories.